

SHIRPUR GOLD REFINERY LIMITED

(Formerly known as AGEE GOLD REFINERS LIMITED)



ANNUAL REPORT 2002 - 2003

SHIRPUR GOLD REFINERY LIMITED
(Formerly known as AGEE GOLD REFINERS LTD.)

BOARD OF DIRECTORS

Bhupesh R. Patel	Chairman	Resigned w.e.f. 29.05.2003
N. Dwarkanath	Managing Director	Resigned w.e.f. 28.06.2003
Dinesh S. Patel	Director	
Sanjay Gupta (Executive Director upto 16.04.2002)	Director	
Chintan A. Patel	Managing Director	Appointed w.e.f. 28.06.2003
Tapan M. Patel	Joint Managing Director	Appointed w.e.f. 28.06.2003
Subhash M. Jain	Director	Appointed w.e.f. 29.07.2003

AUDITORS

M/s. Utpal Bhayani & Co.
Chartered Accountants

BANKERS

Global Trust Bank Ltd.
Bank of Punjab Ltd.
The Jammu & Kashmir Bank Ltd.

REGISTRARS & TRANSFER AGENTS

Sharepro Services

Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road,
Chakala, Andheri (E), Mumbai - 400 099.

REGISTERED OFFICE

Refinery Site at Shirpur, Shirpur, Dist. Dhulia, Maharashtra - 425 405.

CORPORATE OFFICE

4A, Vikas Centre, 104, S. V. Road, Santa cruz (W), Mumbai - 400 054.

<p>NOTICE</p>

Notice is hereby given that the Eighteenth Annual General Meeting of the members of SHIRPUR GOLD REFINERY LIMITED will be held on Monday, 29th September, 2003 at 12.15 P.M. at its Registered Office at Refinery Site, Shirpur, Dist. Dhulia, Maharashtra - 425 405 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date and the Report of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Sanjay Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT Mr. Chintan Amarish Patel, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Subhash Manakchand Jain, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof, for the time being, in force, read with the provisions of Schedule XIII to the said Act, and further subject to such other approvals and sanctions as may be necessary, the Company hereby approves the appointment of Mr. Chintan Amarish Patel as Managing Director of the Company for a period of 2 (Two) years, with effect from 28th June, 2003, upon the terms and conditions, including remuneration, as set out in the Explanatory Statement attached herewith."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT Mr. Tapan Mukesh Patel, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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"FURTHER RESOLVED that pursuant to provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof, for the time being, in force, read with the provisions of Schedule XIII to the said Act, and further subject to such other approvals as may be necessary, the Company hereby approves the appointment of Mr. Tapan Mukesh Patel as Joint Managing Director of the Company for a period of 2 (Two) years, with effect from 28th June, 2003, upon the terms and conditions, including remuneration, as set out in the Explanatory Statement attached herewith."

"FURTHER RESOLVED that the Board of Directors be and is hereby authorised to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution."

By Order of the Board

For SHIRPUR GOLD REFINERY LIMITED

V. A. VAKHARIA

Company Secretary

Place : Shirpur

Date : 29th July, 2003

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. An Explanatory Statement under Section 173 of the Companies Act, 1956 in respect of Special Business at Item Nos. 4 to 7 is appended hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16-09-2003 to 29-09-2003 (both days inclusive).
4. Members are requested to notify the change of address to the Registrar and Transfer Agent M/s. Sharepro Services at Satam Industrial Estate, 3rd Floor, Above Bank of Baroda, Cardinal Road, Chakala, Andheri (E), Mumbai - 400 049.
5. Documents referred to in the Notice and Explanatory Statements are open for inspection at the Registered Office of the Company on all working days till the date of the Meeting.
6. Members desiring any information about accounts at the Meeting are requested to write to the Company at least 7 days in advance of the Annual General Meeting.
7. Members who hold shares in Dematerialized Form are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 4

Mr. Chintan Amarish Patel was appointed as an Additional Director at the Meeting of the Directors of the Company held on 25th July, 2003. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 80 of Association of the Company, he holds office of Director upto the date of this Annual General Meeting. Notice has been received from a Member Under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director together with requisite deposit.

The Directors are of the opinion that his appointment would be beneficial to the Company and hence recommend this resolution for your approval.

None of the Directors of the Company is in anyway, concerned or interested in this resolution except Mr. Chintan Amarish Patel himself and Mr. Tapan Mukesh Patel who is related to Mr. Chintan Amarish Patel.

Item No. 5

Mr. Subhash Manakchand Jain was appointed as an Additional Director at the Meeting of the Directors of the Company held on 29th July, 2003. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 80 of Association of the Company, he holds office of Director upto the date of this Annual General Meeting. Notice has been received from a Member Under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director together with requisite deposit.

The Directors are of the opinion that his appointment would be beneficial to the Company and hence recommend this resolution for your approval.

None of the Directors of the Company is in anyway, concerned or interested in this resolution except Mr. Subash Manakchand Jain himself.

Item No. 6

The Board of Directors of the Company has appointed Mr. Chintan Amarish Patel (Hereinafter referred to as "the Appointee") as Managing Director of the Company, for a period of 2 (Two) years, with effect from 28th June, 2003, on the remuneration and other terms and conditions, as set out hereinunder.

Mr. Chintan Amarish Patel shall subject to superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company. He shall not be paid any sitting fees for attending the meetings of the Board of Directors or committee thereof. He is liable to retire by the rotation.

1. **Remuneration :** The Appointee shall not, for the time being, be paid any salary, including perquisites, of any nature and description, at his instance. However, he has a right to a remuneration, as and when thought fit and proper and with the approval of any authority if required of such amount, as may mutually be decided between the Appointee and the Company subject to remuneration not exceeding sum of Rs.1,00,000/- (Rupees One Lac Only) per month and within the limits prescribed under the Companies Act, 1956, and the Schedule XIII thereto.

Allowances :

- 1) **Car :** The Company shall provide, to the Appointee, a car, for use on Company's business. The expenses on account of use of car for his personal purpose shall be billed to the Appointee, on some reasonable basis.
- 2) **Telephone :** The Company shall provide telephone or telephones at residence(s) or at private office(s) of the Appointee. Any long distance personal telephone calls, made by the Appointee shall be billed by the Company to the Appointee.

Minimum Remuneration :

Where in any financial year during the period of office of Mr. Chintan Amarish Patel as Managing Director, the Company has no profits or its profits are inadequate, the Company may pay him remuneration by way of salary, allowances and perquisites in accordance with the limits laid down in Schedule-XIII to the Companies Act, 1956 or any statutory modifications thereto hereafter, as may be agreed to by the Board and Shri. Chintan Amarish Patel.

Your Directors feel that appointment of Mr. Chintan Amarish Patel as Managing Director would be advantageous to the Company.

None of the Directors, except Mr. Chintan Amarish Patel himself and Mr. Tapan Mukesh Patel, who is relative of Mr. Chintan Amarish Patel are deemed to be interested or concerned in this resolution.

Your Directors recommend the resolution for your approval.

The terms and conditions and appointment of remuneration, payable to Mr. Chintan Amarish Patel as a Managing Director of the Company as set out in the Notice and the Explanatory Statement should be treated as an Abstract of the terms of his appointment and Memorandum of Interest under Section 302 of the Companies Act, 1956.

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Item No. 7

Appointment as an Additional Director :

Mr. Tapan Mukesh Patel was appointed as an Additional Director at the Meeting of the Directors of the Company held on 25th July, 2003. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 80 of Association of the Company, he holds office of Director upto the date of this Annual General Meeting. Notice has been received from a Member Under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director together with requisite deposit.

Appointment as Joint Managing Director :

The Board of Directors of the Company has appointed Mr. Tapan Mukesh Patel (Hereinafter referred to as "the Appointee") as Joint Managing Director of the Company, for a period of 2 (Two) years, with effect from 28th June, 2003, on the remuneration and other terms and conditions, as set out hereinunder.

Mr. Tapan Mukesh Patel shall subject to superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company. He shall not be paid any sitting fees for attending the meetings of the Board of Directors or committee thereof. He is liable to retire by the rotation.

1. **Remuneration :** The Appointee shall not, for the time being, be paid a salary, including perquisites, of any nature and description, at his instance. However, he has a right to a remuneration, as and when thought fit and proper and with the approval of any authority if required of such amount, as may mutually be decided between the Appointee and the Company subject to remuneration not exceeding sum of Rs.1,00,000/- (Rupees One Lac Only) per month and within the limits prescribed under the Companies Act, 1956, and the Schedule XIII thereto.

Allowances :

- 1) **Car :** The Company shall provide, to the Appointee, a car, for use on Company's business. The expenses on account of use of car for his personal purpose shall be billed to the Appointee, on some reasonable basis.
- 2) **Telephone :** The Company shall provide telephone or telephones at residence(s) or at private office(s) of the Appointee. Any long distance personal telephone calls, made by the Appointee shall be billed by the Company to the Appointee.

Minimum Remuneration :

Where in any financial year during the period of office of Mr. Tapan Mukesh Patel as Joint Managing Director, the Company has no profits or its profits are inadequate, the Company may pay him remuneration by way of salary, allowances and perquisites in accordance with the limits laid down in Schedule-XIII to the Companies Act, 1956 or any statutory modifications thereto hereafter, as may be agreed to by the Board and Shri. Tapan Mukesh Patel.

As Mr. Tapan M. Patel has not attained the age of 25 years but he is major, the resolution is proposed as a Special Resolution as required under Schedule XIII of the Companies Act, 1956.

Your Directors feel that appointment of Mr. Tapan Mukesh Patel as Joint Managing Director would be advantageous to the Company.

None of the Directors, except Mr. Tapan Mukesh Patel himself and Mr. Chintan Amarish Patel, who is relative of Mr. Tapan Mukesh Patel are deemed to be interested or concerned in this resolution.

Your Directors recommend this resolution for your approval.

The terms and conditions of appointment and remuneration, payable to Mr. Tapan Mukesh Patel as a Joint Managing Director of the Company as set out in the Notice and the Explanatory Statement should be treated as an Abstract of the terms of his appointment and Memorandum of Interest under section 302 of the Companies Act, 1956.

DIRECTORS' REPORT

To the Members of SHIRPUR GOLD REFINERY LIMITED

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS	31.03.2003	31.03.2002
Gross Profit/(Loss) before Interest & depreciation	(75,000)	18,72,842
Less : Interest	20,21,507	14,56,335
Depreciation	-	-
Profit/(Loss) Before Tax	(20,96,507)	4,16,507
Less : Provision for Taxation	-	35,000
Profit/(Loss) after Tax	(20,96,507)	3,81,507
Balance of Previous Year	9,31,57,506	9,27,75,999
Balance carried forward in Balance Sheet	9,10,60,999	9,31,57,506

FINANCIAL RESULTS

During the year under review, under trial production, your Company recorded turnover of Rs.185.71 Crores (Previous Year Rs.276.85 Crores). The Company has yet to commercially launch its products. Accordingly, all the relevant expenses including interest on borrowings and depreciation on the assets, as reduced by the revenues earned are stated as "Incidental Expenditure, during construction", forming part of Capital work-in-progress. This would be capitalised as and when commercial production commences. The Company is confident of launching its products commercially in the second quarter of the Financial Year 2003-2004.

DIVIDEND

Directors do not recommend dividend for the year under consideration.

DIRECTORS

The sad untimely and unfortunate death of the Vice Chairman of the Company Mr. Mukesh R. Patel on 15th June, 2002, was recorded in the last Annual Report for the year ended 31st March, 2002.

Mr. Vipin Malik resigned as a Director w.e.f. 21st August, 2002, Mr. S. M. Pathania resigned as a Director w.e.f. 24th January, 2003, Mr. Amarish R. Patel resigned as Chairman and Director w.e.f. 24th January, 2003. Mr. Bhupesh R. Patel resigned w.e.f. 29th May, 2003 as a Chairman and as a Director and Mr. N. Dwarkanath resigned w.e.f. 28th June, 2003 as Managing Director and as a Director of the Company.

The Board places on record its sincere appreciation for valuable guidance given by Mr. Vipin Malik, Mr. S. M. Pathania, Mr. Amarish R. Patel, Mr. Bhupesh R. Patel & Mr. N. Dwarkanath during their tenure as Directors of the Company.

The Board had appointed Mr. Chintan A. Patel and Mr. Tapan M. Patel as Additional Directors w.e.f. 29th April, 2002 and held the office till the date of Annual General Meeting held on 20th September, 2002.

The Board of Directors in their meeting held on 25th July, 2003 appointed Mr. Chintan A. Patel and Mr. Tapan M. Patel as Additional Directors w.e.f. 28th June, 2003. The Board of Directors in their meeting held on 29th July, 2003 appointed Mr. Subhash Manakchand Jain as an Additional Director w.e.f. 29th July, 2003 and also as a Member of Audit Committee. Necessary resolutions for their appointments are included in the Notice of Annual General Meeting (AGM) as they hold the office of directorship upto the date of AGM.

The Board of Directors in their meeting held on 29th July, 2003 appointed Mr. Chintan A. Patel as Managing Director and Mr. Tapan M. Patel as Joint Managing Director w.e.f. 28th June, 2003. Necessary resolutions for approval of their appointment and remuneration are included in the Notice of this Annual General Meeting.

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Mr. Sanjay Gupta retires by rotation and being eligible offer himself for reappointment.

AUDIT COMMITTEE

During the year Mr Vipin Malik (Chairman of the Audit Committee) and Mr. S. M. Pathania (member of the Audit Committee) resigned as Directors and consequently the Audit Committee was reconstituted.

Currently the Audit Committee of the Directors consist of :-

- 1) Dr. Dinesh Patel - Chairman of the Committee
- 2) Mr Sanjay Gupta - Member
- 3) Mr Subash Manakchand Jain - Member (w.e.f. 29-7-2003)

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors further report :

- i. That in the preparation of annual accounts, for the financial year ended 31st March, 2003 the applicable accounting standards have been followed and that there were no material departures.
- ii. That selected accounting policies were applied consistently and the Directors made judgement and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2003 and of the loss of the Company for the period ended 31st March, 2003.
- iii. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the annual accounts have been prepared on a going concern basis.

OPERATIONS & FUTURE PROSPECTS

The All-India macro scenario for precious metals including global positions was rather depressed for the first half of the year under review. The demand subsequently recovered in the second half due to the stabilizing of rupee prices combined with Diwali and a vibrant wedding season despite very poor monsoon and its damage to rural incomes. However, this rise was partly offset by the geopolitical tensions resulting in increase of prices towards the end. The Indian market, therefore, conclusively demonstrated its sensitivity to price, which peaked at US \$. 390/- per oz. in February 2003. This resulted in large recycling of old jewellery. The primary gold demand in the calendar year 2002 was 576 MT as compared to 727 MT in 2001 [as per the World Gold Council].

Your Company has successfully realigned itself to the technological changes as reported in the previous year. However, due to paucity of its working capital requirements, commercial production could not commence during the year under review. The proposal for fresh working capital requirements to our consortium of bankers is pending with the Financial Institutions. Mandated by the bankers, adequate due diligences were carried out by a large international consultancy firm. The Consortium of Banks are in the process of implementing the steps recommended. Your Company is confident of their support and your Directors are confident of commencement of commercial sales in the current year.

Your Company's brand 'Shirpur Gold' has been well received by the market and there have been no contrary reports on quality and product attributes. The technological improvements have also resulted in reduction of process time which would improve the financial projections envisaged earlier.

The Indian Government has also continued its liberalization regime for bullion. It has announced reduction in import duties from Rs. 250/- to Rs. 100/- per 10 gms. thereby taking effective steps to curb unofficial imports of gold. The current year would also witness forwards and futures trading in gold, including cash and derivatives trading. With the changes incorporated by the Forward Markets Commission, a National Commodities and Derivatives Exchange [NCDEX] has been formed. NCDEX using the platform of National Stock Exchange is laying down the foundations of this much needed activity. Similar developments are underway at other exchanges. Also, under implementation is the rationalization of differential sales tax regime with VAT partly replacing the same. These developments would usher transparency thereby instilling confidence in consumers. Your Company would benefit from these changes.

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Your Company is, therefore, looking at the current year with renewed vigor and is confident that with the support of all concerned, including its bankers, it would achieve optimum operations.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance has been annexed as part of the Annual Report.

TECHNOLOGY ABSORPTION, CONSERVATION OF ENERGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company has not yet commenced Commercial Production as stated earlier, the particulars of conservation of energy, technology absorption details are not given.

The particulars of the foreign exchange earnings and outgo during the year under review are as under :

Earnings (FOB Value of Export)	Rs. Nil
Outgo	Rs. 49,550/-

DEMAT

Trading in the Equity Shares of your Company has been made compulsory in the dematerialized form for all shareholders w.e.f. 8th May, 2000 as per Circular dated 15th February, 2000 from Securities and Exchange Board of India (SEBI). Your Company has achieved high of level dematerialization with 81.87% of the total number of Equity Shares being held in the electronic mode with both the depositories.

PARTICULARS OF EMPLOYEES

There were no employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, duly amended.

AUDITORS

M/s. Utpal Bhayani & Company, Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment as Auditors of the Company.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the assistance and support extended by the Government Authorities, Banks and Shareholders of the Company and look forward to their continued support in future.

Your Directors also express their appreciation for the dedicated and sincere services rendered by employees of the Company.

For and on behalf of the Board

CHINTAN A. PATEL
Managing Director

TAPAN M. PATEL
Joint Managing Director

Place : Mumbai
Dated : 29th July, 2003

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REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is set out below :

Company's Philosophy on Code of Governance :

The essential elements of Corporate Governance is accountability in functioning of the Company. The Company believes that Corporate Governance should result in enhancing Corporate performance and increase in Shareholders Value.

1. Board of Directors
(A) Composition :

The Board comprises of Executive and Non - Executive Directors. The Non - Executive Directors bring independent judgment in the Board deliberations and decisions. Only the Managing Director is a whole-time Director. Shri Sanjay Gupta was an Executive Director upto 16th April, 2002.

COMPOSITION OF BOARD OF DIRECTORS :
As on 31st March, 2003

Sr. No.	Name of Directors	Category	Other Directorship/ Board Committees (Numbers)	
			Directors	Committees
1	Shri Amarish Patel (Chairman) (upto 24.01.2003)	Chairman Promoter Group	4	
2	Shri Mukesh Patel (Vice Chairman) (upto 14.06.2002)	Non-Executive Promoter Group	7	
3	Shri Bhupesh Patel (Chairman) (w.e.f. 25.01.2003)	Non-Executive Promoter Group	3	
4	Shri N. Dwarkanath (Managing Director)	Executive	2	
5	Shri Vipin Malik (upto 21.08.2002)	Non-Executive Independent Director	9	8
6	Shri Surinder Pathania (upto 24.01.2003)	Non-Executive Independent Director	3	1
7	Shri Dinesh S. Patel	Non-Executive Independent Director	5	
8	Shri Sanjay Gupta (Executive Director upto 16.04.2002)	Non-Executive Independent Director	4	
9	Shri Chintan A. Patel (29.04.2002 to 20.09.2002)	Non-Executive Promoter Group	6	
10	Shri Tapan M. Patel (29.04.2002 to 20.09.2002)	Non-Executive Promoter Group	3	